

**MINUTES**  
**ROCKFORD FIREFIGHTERS' PENSION FUND**  
**May 15, 2013**

A regular meeting of the Board of Trustees of the Rockford Firefighters' Pension Fund was held on Wednesday, May 15, 2013, at 8:35 a.m. in the second floor conference room of the Fire Department Administrative Building at 204 S. First Street, Rockford, Illinois, pursuant to notice.

**CALL TO ORDER**

The meeting was called to order at 8:35 a.m. Upon a call of the roll, the following answered:

ATTENDED: Alan Granite, President  
Jim Strey, Trustee

Michael White, Trustee  
Chris Black, City Finance Director

ABSENT: Tracy Renfro, Secretary

STAFF: Ted Dutkiewicz  
Linda Wlaznik, Pension Investment Accountant

Judi Yehling, Recording Secretary

GUESTS: Attorney Carolyn Clifford, Ottosen Britz

Mike Piotrowski, Marquette Associates

**PUBLIC COMMENT -- None**

**I. MINUTES**

- The April 17th minutes were presented. Michael White made a motion to approve the minutes and Chris Black seconded the motion. A roll call vote was taken:

<b>Ayes:</b>	Alan Granite	Michael White
	Jim Strey	Chris Black

**Nays:** None

**II. APPROVAL OF APPLICATIONS/PENSION CHANGES**

- None.

**III. DISBURSEMENTS**

- Alan Granite made a motion to approve the May payroll with amounts to be read in at next month's meeting. Chris Black seconded the motion. A roll call vote was taken:

<b>Ayes:</b>	Alan Granite	Michael White
	Jim Strey	Chris Black

**Nays:** None

- Invoices totaling \$59,161.72 were presented as shown in the attached warrant packet.

Chris Black made a motion to approve the invoices as presented in the warrant packet. Jim Strey seconded the motion. A roll call vote was taken:

<b>Ayes:</b>	Alan Granite	Michael White
	Jim Strey	Chris Black

**Nays:** None

#### IV. CASH & INVESTMENTS

- Mike Piotrowski presented Marquette Associates' Pension Fund Report for April 30, 2013:
  - Fixed income has struggled but Bonds had a significant rally in April – up 1%. However, May is “not looking good for bonds.
  - Looking at page 3 and the equity market, The S&P was up 1.9% in April and 3% in May.
  - According to Mike Piotrowski the market needs a pause or “slight digestion” and while valuations aren't as attractive they are still good.
  - Page 4 shows the performance of the international market which did well in April and was up 3.6% for the month. Valuations look strong and although emerging markets are not doing well now they should start performing better.
  - The fund is at 146.5 million and slightly overweight to U.S. equity and underweight to bonds and international.
  - Pages 8 & 9 show that the fund is up 1.3% for the month gross of fees and 7% YTD but as of today 8.5%. There is a little bit of a cash drag but the managers have added value over time.
  - This fund, according to Mike Piotrowski, is in the 25<sup>th</sup> percentile of the funds Marquette works with. Fixed income is strong and although the allocation to emerging markets has lagged, he believes they will experience growth going forward.
  - Pages 7-9 show the individual managers:
    - Montag & Caldwell has done really well this year.
    - Fiduciary continues to lag behind due largely to their significant position in cash but Mike Piotrowski still believes they “are a quality manager” who protects on the down side.
    - PIMCO is up 2.5% for the month and the fund has really benefitted from this investment.
    - Manning & Napier had a “bad month.”
    - REITs had a “phenomenal” month, up 6.7% for the month.
    - Manning-Napier missed the benchmark in April by 2% but is up 5.1% for the first quarter. They are an all-cap manager but their allocation to emerging markets is what skewed their returns. Mike Piotrowski said this is a “waiting game” and their performance should improve.
    - Mike Piotrowski explained for Jim Strey's benefit who just joined the Board as the retired member, Segall-Bryant was recently added as an active fixed income manager in order to get more exposure to the credit sector and high quality corporate bonds. Only a small amount has been kept in the Northern fund for liquidity purposes.
    - Also in the fixed income composite, Hillswick has done “a great job.”
    - Asked about the Putnam return, Mike Piotrowski explained that this was a death benefit with a \$1.3 million return on a \$50,000 contract. Still on the contract are: Elden Raasch, Bob Satterlee and Carl Scalise II.
- Overall, Marquette is happy with the managers and it was a good move to have added real estate. The fund has added \$31 million over the last several years and \$20 million after cash needs.

Cash needs for the month are \$900,000 and, per Mike Piotrowski's recommendation, should be taken from Montag & Caldwell. Alan Granite made a motion, seconded by Chris Black, to raise

\$900,000 cash to be taken from the Montag & Caldwell per the recommendation. A roll call vote was taken:

<b>Ayes:</b>	Alan Granite	Michael White
	Jim Strey	Chris Black

**Nays:** None

- Ted Dutkiewicz passed out the report on the status of the Fund as of April 30, 2013:
  - The report showed total current market value of the Fund was \$146.09 million, up 4.599% year to date. The equity fund is up 21.677%, and fixed income is down 16.222% at 36.091% of the total Fund.
  - Total annual return is at 21.38%; equity annual return is 62.74%, a fixed income annual return of -32.64%, and a total income return of 6.31%.

- Records of purchases and sales were distributed.

Alan Granite made a motion, seconded by Jim Strey, to approve the purchases and sales for the month. A roll call vote was taken:

<b>Ayes:</b>	Alan Granite	Michael White
	Jim Strey	Chris Black

**Nays:** None

- Mike Piotrowski left the meeting at 9:00 a.m.

## V. OLD BUSINESS

- Attorney Clifford indicated that the IME letters went out April 30, 2013, to the three individuals on disability pension: John Albaugh, Marc Gasparini and Larry Peterson.
- Ted Dutkiewicz confirmed that Tim Sharpe will still be doing the actuarial reports and that this year he will run several scenarios and give the Board cost comparisons between using PUC versus entry age normal and he'll look at the mortality issue. Chris Black said that he doesn't believe that the City can afford more than one change to the calculations and contributions and he would favor changing to entry age normal for this time. Any changes will need to be "phased in" based on the costs. In the comparison that Attorney Clifford provided last meeting, 30 out of the 34 departments that she profiled were using entry age normal and she believes "PUC just defers funding." Chris Black admitted that funding is a difficult issue but we need to move in that direction. For now we'll be using the current methodology but we should plan for change. Attorney Clifford concede that moving to entry age normal would be a "good first step" to improving funding. Ted Dutkiewicz indicated that the Board should have some options by next meeting, just not the full report.
- There is nothing new to report on the DOI audit report.

Ted Dutkiewicz indicated that four RFPs for an investment consultant had gone out and only two gave a return response, Marquette being one of them. Discussion followed with members commenting that we've had Marquette since 2008 and they "took (us) through the downturn in great fashion." Both firms who responded took significant losses and Attorney Clifford said she always recommends Marquette. There is a possibility if Police once again choose Marquette and the Board is agreeable to changing the meeting day there would be some savings. Ted Dutkiewicz indicated that if the Board is comfortable with a decision

today to go with Marquette based on their history, it doesn't really matter what Police decide. If PD decides to go with Marquette and we agree to switch the meetings to Thursdays, we can still get the \$10,000 discount when that decision is made. Michael White made a motion to accept Marquette's proposal for another three-year contract at the current fee schedule. The motion was seconded by Chris Black. A roll call vote was taken:

**Ayes:**        Alan Granite        Michael White  
                 Jim Strey            Chris Black

**Nays:**        None

- Linda Wlaznik indicated that the Annual Report is in progress.
- Alan Granite indicated that the updated membership information is "trickling in." Would like to coordinate collecting the information in future with one of the drills.

## **VI. NEW BUSINESS**

- Question was raised as to whether training could be included in Marquette's proposal and Attorney Clifford said she was sure Marquette would be willing to do some training as would Ottosen-Britz and webinars could count as training.
- New Board Officers needed to be elected. Michael White made a motion to nominate Alan Granite as President; motion was seconded by Jim Strey. A roll call vote was taken:

**Ayes:**        Alan Granite        Michael White  
                 Jim Strey            Chris Black

**Nays:**        None

Motion carried.

- Jim Strey made a motion to nominate Tracy Renfro as Secretary; motion was seconded by Michael White. A roll call vote was taken:

**Ayes:**        Alan Granite        Michael White  
                 Jim Strey            Chris Black

**Nays:**        None

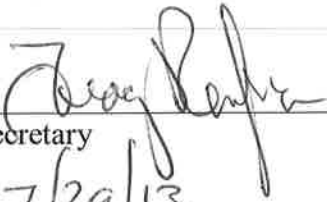
Motion carried.

- Discussed the various bills before the state legislature including Madigan's bill which would change the funding to entry age normal. In any case the changes to pensions are a constitutional issue.
- **CLOSED MEETING** – None required.

## **VII. ADJOURNMENT**

A motion was made to adjourn the meeting. Motion carried and meeting was adjourned at 9:30 a.m.  
Next regular meeting is June 19, 2013, at 8:30 a.m.

Signed:

  
\_\_\_\_\_  
, Secretary

7/29/13  
\_\_\_\_\_  
Date

Prepared by:

  
\_\_\_\_\_  
Judith Yehling, Recording Secretary

8-15-12  
\_\_\_\_\_  
Date

*Approved by the Board of Trustees at its June 19, 2013, meeting*

